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Deputy Chief, Industrial Division 29 June 1959

Chief, Manufacturing Sectors Branch, D/I

Comments on Preliminary Draft of NIE 13-59.

1. Page 5 (last sentence of paragraph 5).
Regardless of changes in methods of economic development (i.e. modifications of the Soviet model) it appears unlikely that the Chinese Communists will give up the forced pace.

2. Page 7-8 (paragraph 10).
Insofar as machine building is concerned this conclusion is supported by D/I Project 30.2043.

3. Page 16 (paragraph 22, last complete sentence on the page).
Decentralization in machine building has not been extensive and is not likely to increase materially. It actually conflicts with "consolidation of economic controls." In certain fields of light industry, however, decentralization has been more prevalent and is probably more appropriate.

4. Page 32 (paragraph 76, last complete sentence on the page).
The appeal of the Soviet economic model to underdeveloped countries of the Free World is not necessarily dependent on the success or failure of the current movement in Communist China. As pointed out in Project 30.2043 and discussed in this NIE, the Soviet model has proved somewhat incompatible with China's capital-poor, labor-surplus conditions. This in itself would tend to discourage imitation of Soviet methods in countries whose factor proportions generally similar to those of China prevail.

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